

ORDER NO. 3467

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton; and
Tony Hammond

Competitive Product Prices
Priority Mail Express Contract 26 (MC2015-77)
Negotiated Service Agreement

Docket No. CP2015-121

ORDER APPROVING AMENDMENT TO PRIORITY MAIL EXPRESS
NEGOTIATED SERVICE AGREEMENT

(Issued August 15, 2016)

I. INTRODUCTION

The Postal Service seeks to amend a Priority Mail Express negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Amendment.

In Order No. 2662, the Commission approved the Priority Mail Express Contract 26 negotiated service agreement (Existing Agreement).² On August 12, 2016, the Postal Service filed notice that terms of the contract have changed as contemplated by

¹ Notice of United States Postal Service of Amendment to Priority Mail Express Contract 26, with Portions Filed Under Seal, August 12, 2016 (Notice). The Amendment is an attachment to the Notice (Amendment).

² See Docket Nos. MC2015-77 and CP2015-121, Order Adding Priority Mail Express Contract 26 to the Competitive Product List, August 13, 2015 (Order No. 2662).

the contract's terms. Notice at 1. The Postal Service states that the Amendment will become effective two business days following the day that the Commission completes its review of the filing. *Id.* The Postal Service asserts that the Amendment "will not have a material effect on the cost coverage of Priority Mail Express Contract 26." *Id.* The Postal Service incorporates by reference the Application for Non-Public Treatment originally filed in this docket for the protection of information that it has filed under seal. *Id.* Attachment A.

II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying Amendment filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute to an appropriate share of institutional cost. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Amendment reflects a change in the volume and prices, but does not otherwise change the contract's terms. See Notice Attachment A at 1. Upon review, this does not negatively affect the cost coverage of Priority Mail Express Contract 26. Thus, the Amendment does not materially affect the underlying financial analysis of the Existing Agreement. The Commission finds that the Existing Agreement, as amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

Other considerations. The Amendment shall become effective two business days after the date that the Commission issues all regulatory approval. Notice at 1; *id.* Attachment A at 1.

The Commission approves the Existing Agreement, as amended.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Priority Mail Express Contract 26 negotiated service agreement, as amended.
2. The Postal Service shall notify the Commission if the Existing Agreement, as amended, terminates prior to the scheduled expiration date.

By the Commission.

Stacy L. Ruble
Secretary